



115 W. Washington St.  
Suite 1500 South  
Indianapolis, IN 46204  
[www.IN.gov/OUCC](http://www.IN.gov/OUCC)

Toll-free 1-888-441-2494  
Voice/TDD (317) 232-2494  
Fax (317) 232-5923  
[UCCINFO@oucc.IN.gov](mailto:UCCINFO@oucc.IN.gov)

## **Northern Indiana Public Service Co. Electric Rate Case IURC Cause No. 43526**

### **PUBLIC FIELD HEARING – BASIC FACTS**

**An Indiana Utility Regulatory Commission (IURC) public field hearing is a formal, legal proceeding.**

- It is presided over by an Administrative Law Judge and recorded by a court reporter, with at least one Commissioner present.

**The sole purpose of the field hearing is to accept sworn testimony from NIPSCO customers under oath.**

- Field hearings do not include presentations by utilities. In this case, NIPSCO's technical witnesses filed written testimony and exhibits before the IURC in 2008, and were cross-examined during a formal evidentiary hearing in January.
- IURC Commissioners are not allowed to answer questions, as they will ultimately weigh the evidence and render a final decision.
- Staff from the IURC and the Indiana Office of Utility Consumer Counselor (OUCC) are available to answer procedural questions on an individual basis.

**Consumers may make sworn written or oral comments on the pending case.**

- Consumer comments are given equal consideration whether they are written or oral.

**Attorneys for the case's formal parties – including NIPSCO and the OUCC – participate.**

- As this is a legal proceeding, the attorneys are entitled, but not required, to ask questions following your testimony.

**No final decision in the case will be made tonight.**

- The procedural schedule in this case includes additional steps over the next several months as outlined in the "Timeline" section of this fact sheet.

## OVERVIEW – NIPSCO REQUEST

**Northern Indiana Public Service Co. (NIPSCO)** is seeking an increase in its electric base rates and charges. The utility's request is pending before the **Indiana Utility Regulatory Commission (IURC)** in Cause No. 43526.

- NIPSCO – a wholly owned subsidiary of NiSource, Inc. – provides electric utility service to residential, commercial and industrial customers in 20 northern Indiana counties.
- Only NIPSCO's electric base rates are under consideration in this proceeding. NIPSCO's natural gas rates, charges and service are not at issue in this case.

Residential electric bills include **two major components**: 1) The **base rate** and 2) The **fuel adjustment clause**.

The utility's **electric base rate** is at issue in this case.

- Base rates include operating and maintenance expenses, along with costs for capital projects.
- In its testimony and exhibits in this case, NIPSCO has stated that the proposed base rate increase is due to growth in operating and maintenance costs, numerous capital improvements to its transmission and distribution infrastructure, and to the purchase of the Sugar Creek Generating Station in Vigo County.
- Any changes in a regulated utility's base rates must be approved by the IURC before taking effect. Indiana law allows regulated utilities to petition for base rate cases no more frequently than once every 15 months.
- NIPSCO's current electric base rates were approved in 1987.
- The utility's proposal in this case would change the residential electric base rate tariff as follows:

<b><u>Current</u> Monthly Residential Electric Rate (Rate 811)</b>		<b><u>Proposed</u> Monthly Residential Electric Rate (Rate 511)</b>	
Customer Charge	\$5.95 including the first 36 kilowatt hours (kWh)	Customer Charge	\$10.40 per month
Energy Charge	<ul style="list-style-type: none"><li>• 16.522 cents per kWh for the next 14 kWh</li><li>• 12.041 cents per kWh for the next 150 kWh</li><li>• 9.637 cents per kWh for usage above 200 kWh</li></ul>	Energy Charge	8.134 cents for each kWh, regardless of total usage

- In this case, NIPSCO is seeking an additional \$85.7 million in annual operating revenues.
- NIPSCO is also seeking IURC approval to establish a new rate recovery mechanism, or "tracker," for future ratemaking treatment of expenses and revenues related to regional transmission, purchased power, and off-system sales.
  - The tracker would be adjusted on a quarterly basis subject to OUCC review and IURC approval
  - Other investor-owned electric utilities in Indiana (Duke Energy, Indiana Michigan Power Co., Indianapolis Power & Light, and Vectren Energy Delivery) utilize trackers to varying degrees.

This case is separate from the utility's **Fuel Adjustment Clause** (FAC) process, which allows electric utilities to recover the costs of coal and other fuels on a dollar-for-dollar basis in addition to base rates.

- Under Indiana law, regulated electric utilities may request FAC adjustments to reflect actual supply cost changes on a regular basis. NIPSCO makes such requests every three months.
- Utilities are not allowed to profit on the FAC portion of electric bills.
- Fuel adjustments for all regulated Indiana electric utilities are subject to OUCC reviews and require IURC approval.
- Billing increases in recent years for most Indiana utilities have been the result of higher costs for coal and other fuels.

## **OVERVIEW – OUCC INVOLVEMENT**

The **Indiana Office of Utility Consumer Counselor** (OUCC) is a separate state agency from the IURC, and is the statutory representative for the interests of all utility consumers (residential, commercial and industrial) in cases before the IURC.

- The OUCC has not yet taken a position in this case, with the agency's legal and technical staff continuing to review the utility's request and evidence.
- The IURC has established an April 17 deadline for the OUCC to complete its review and file testimony.
- The OUCC's testimony will be available online at [www.in.gov/oucc/2457.htm](http://www.in.gov/oucc/2457.htm) after being filed with the IURC.

## **OVERVIEW – INTERVENING PARTIES**

Several additional parties have formally intervened in this case through legal counsel, as allowed by Indiana law.

These parties include the LaPorte County Board of Commissioners, four municipal governments (Crown Point, Hammond, Munster, and Schererville), the Citizens Action Coalition of Indiana, Beta Steel Corporation and a group of NIPSCO's industrial customers (including Cargill, Inc., Marathon Petroleum Company LLC, Mittal Steel USA – Indiana Harbor, Praxair, Inc. and United States Steel Corporation).

The intervening parties are scheduled to file testimony April 17, the same date the OUCC's testimony is due.

## **TIMELINE**

June 27, 2008: NIPSCO filed a petition with the IURC initiating this case.

August 27, 2008: The IURC issued a pre-hearing conference order establishing a procedural schedule.

August 29, 2008: NIPSCO filed testimony and exhibits in support of its request. NIPSCO has since filed a number of corrections and revisions.

January 2009: A two-week technical evidentiary hearing was held in Indianapolis to allow for IURC, OUCC and intervenor questioning of NIPSCO's technical witnesses who have filed written testimony in this case.

March 3, 2009: An IURC public field hearing is being held in Gary.

April 17, 2009: The OUCC and intervening parties are scheduled to file testimony in this case.

June 12, 2009: NIPSCO is scheduled to file rebuttal testimony.

July 27, 2009: An IURC technical evidentiary hearing is scheduled to begin in Indianapolis and is scheduled to last two weeks. While evidentiary hearings are open to the public, participation is typically limited to cross-examination of technical witnesses who have filed testimony on behalf of the case's formal parties.

The case's formal parties will likely submit additional written filings to the IURC, including proposed orders and reply briefs, following the conclusion of the evidentiary hearing in July and August. The schedule for these filings will be determined at a future date.

IURC final orders are issued at the Commission's weekly Conferences. Conferences are typically held on Wednesday afternoons, with agendas posted 48 hours in advance at: [www.in.gov/iurc/2428.htm](http://www.in.gov/iurc/2428.htm)

A settlement agreement is possible in any legal proceeding.

All hearing and filing dates in any legal proceeding are subject to change.

## **ADDITIONAL INFORMATION**

All publicly filed documents in this case are available for review on the IURC Website by:

- Visiting [www.in.gov/iurc](http://www.in.gov/iurc)
- Clicking the "Electronic Document System" link in the upper right portion of the page
- Clicking the "Search Cases" link near the upper left corner of the following page
- Entering docket number 43526 in the first field on the search page

Case updates will also be posted on the OUCC Website at [www.in.gov/oucc/2457.htm](http://www.in.gov/oucc/2457.htm).

## **GENERAL AGENCY INFORMATION**

### **Indiana Office of Utility Consumer Counselor (OUCC)**

- State agency
- Represents the interests of all Indiana utility consumers – including residential, commercial and industrial customer interests – in cases before the IURC and federal utility regulatory commissions
- Staff of attorneys, accountants, engineers, economists, consumer services and support personnel

### **Indiana Utility Regulatory Commission (IURC)**

- State agency
- Regulates many, but not all, Indiana utilities
- Regulates utility rates, financing, service territory, quality, etc.
- Neutral, fact-finding body required by law to make decisions that balance the interests of utilities and consumers